

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Boston Township	County Ionia
Fiscal Year End March 31, 2006	Opinion Date September 6, 2006	Date Audit Report Submitted to State September 29, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

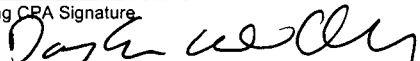
YES  
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Douglas Wohlberg CPA		Telephone Number (616) 583-0094		
Street Address PO Box 1013		City Byron Center	State MI	Zip 49315
Authorizing CPA Signature 		Printed Name Douglas Wohlberg CPA		License Number A244041

# **Boston Township**

**Ionia County**

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## **FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT**

**Year Ended March 31, 2006**

# **Boston Township**

**Ionia County**

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**March 31, 2006**

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# **Boston Township**

**Ionia County**

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**March 31, 2006**

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## INDEPENDENT AUDITORS' REPORT

To the Township Board  
Boston Township  
Ionia County

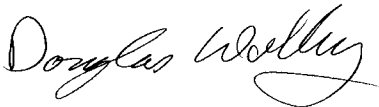
We have audited the accompanying financial statements of the governmental activities, the major funds and the aggregate remaining fund information of Boston Township as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Boston Township management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund and the aggregate remaining fund information of Boston Township as of March 31, 2006, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Boston Township's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Byron Center, Michigan  
September 6, 2006

**Boston Township**  
**Ionia County**  
**Management Discussion and Analysis**  
For the year ended March 31, 2006

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**Using this Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

**The Township as a Whole**

The Township's combined net assets increased 14% from a year ago, increasing from \$749,000 to \$852,587.

In a condensed format, the table below shows a comparison of the net assets as of March 31, 2006 to the prior year:

	<u>Governmental Activities</u>	
	2006	2005
Current assets	\$ 964,546	\$ 901,511
Noncurrent assets	88,997	91,782
<b>Total assets</b>	<b>1,053,543</b>	<b>993,293</b>
Long-term debt outstanding	168,494	215,080
Other liabilities	32,462	29,213
<b>Total liabilities</b>	<b>200,956</b>	<b>244,293</b>
Net assets		
Invested in capital assets - net of debt	88,997	91,782
Restricted	503,241	471,888
Unrestricted	260,349	185,330
<b>Total net assets</b>	<b>\$ 852,587</b>	<b>\$ 749,000</b>

Unrestricted net assets, the part of net assets that can be used to finance day to day operations, increased by \$75,019 for the governmental activities. This represents an increase approximately 40%. The current level of unrestricted net assets for our governmental activities stands at \$260,349, or about 67% of expenses.

**Boston Township**  
**Ionia County**  
**Management Discussion and Analysis**  
For the year ended March 31, 2006

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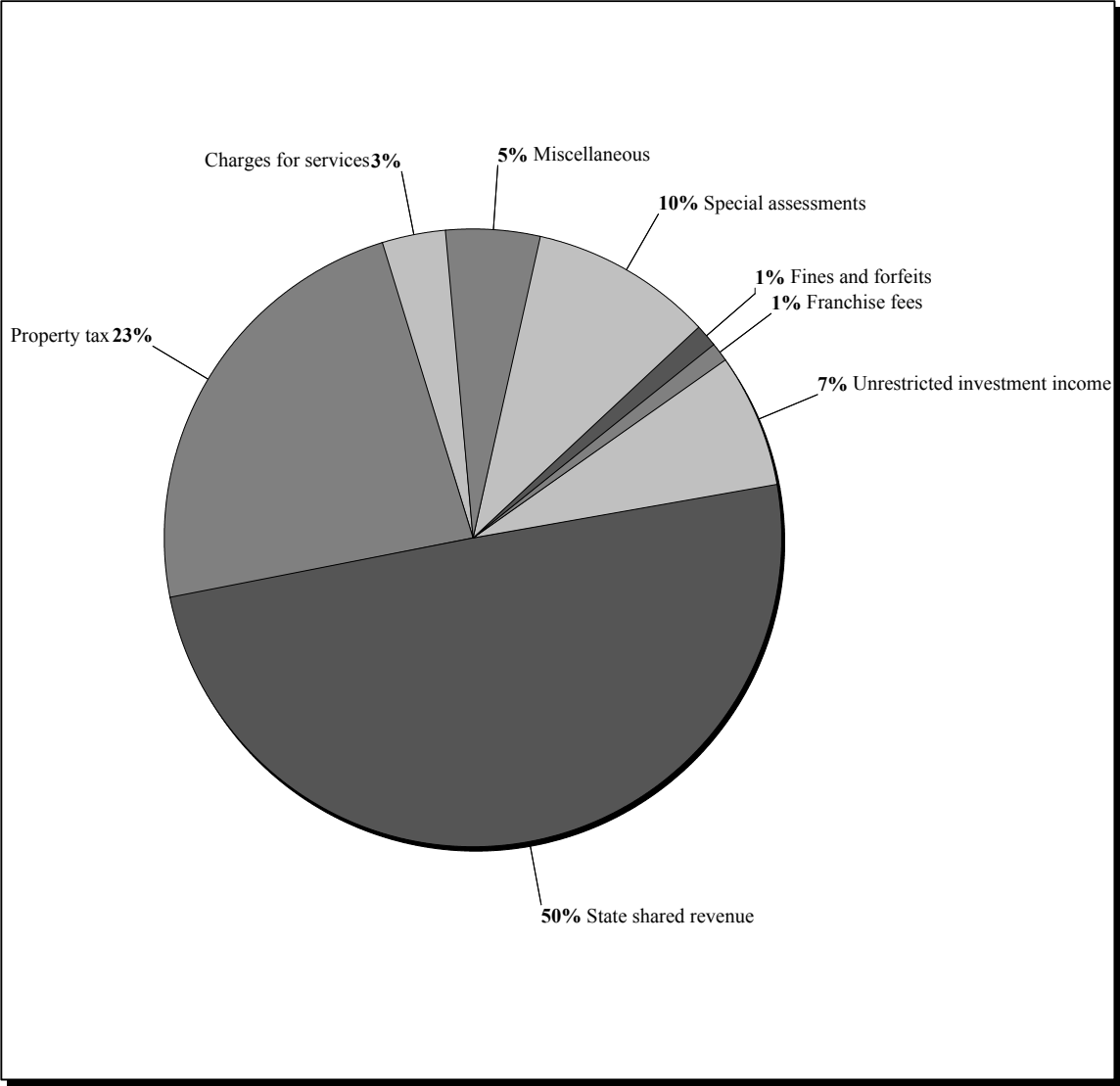
The following table shows the changes of the net assets as of March 31, 2006:

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
<b><u>Program revenues</u></b>		
Charges for services	\$ 16,567	\$ 24,112
<b><u>General revenue</u></b>		
Property tax	115,307	108,582
State shared revenue	245,502	239,536
Unrestricted investment income	34,553	20,513
Franchise fees	4,906	5,242
Fines and forfeits	5,861	7,179
Special assessments	47,190	38,728
Miscellaneous	24,170	17,555
<b>Total revenues</b>	<b>494,056</b>	<b>461,447</b>
<b><u>Program expenses</u></b>		
General government	139,520	201,480
Public safety	96,756	85,517
Public works	101,528	275,465
Health and welfare	10,414	10,414
Community and economic development	2,937	2,937
Interest on long-term debt	39,314	15,675
<b>Total expenses</b>	<b>390,469</b>	<b>591,488</b>
<b>Change in net assets</b>	<b>\$ 103,587</b>	<b>\$ (130,041)</b>

**Boston Township**  
**Ionia County**  
**Management Discussion and Analysis**  
**For the year ended March 31, 2006**

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The following chart illustrates the sources of the Township's revenue.

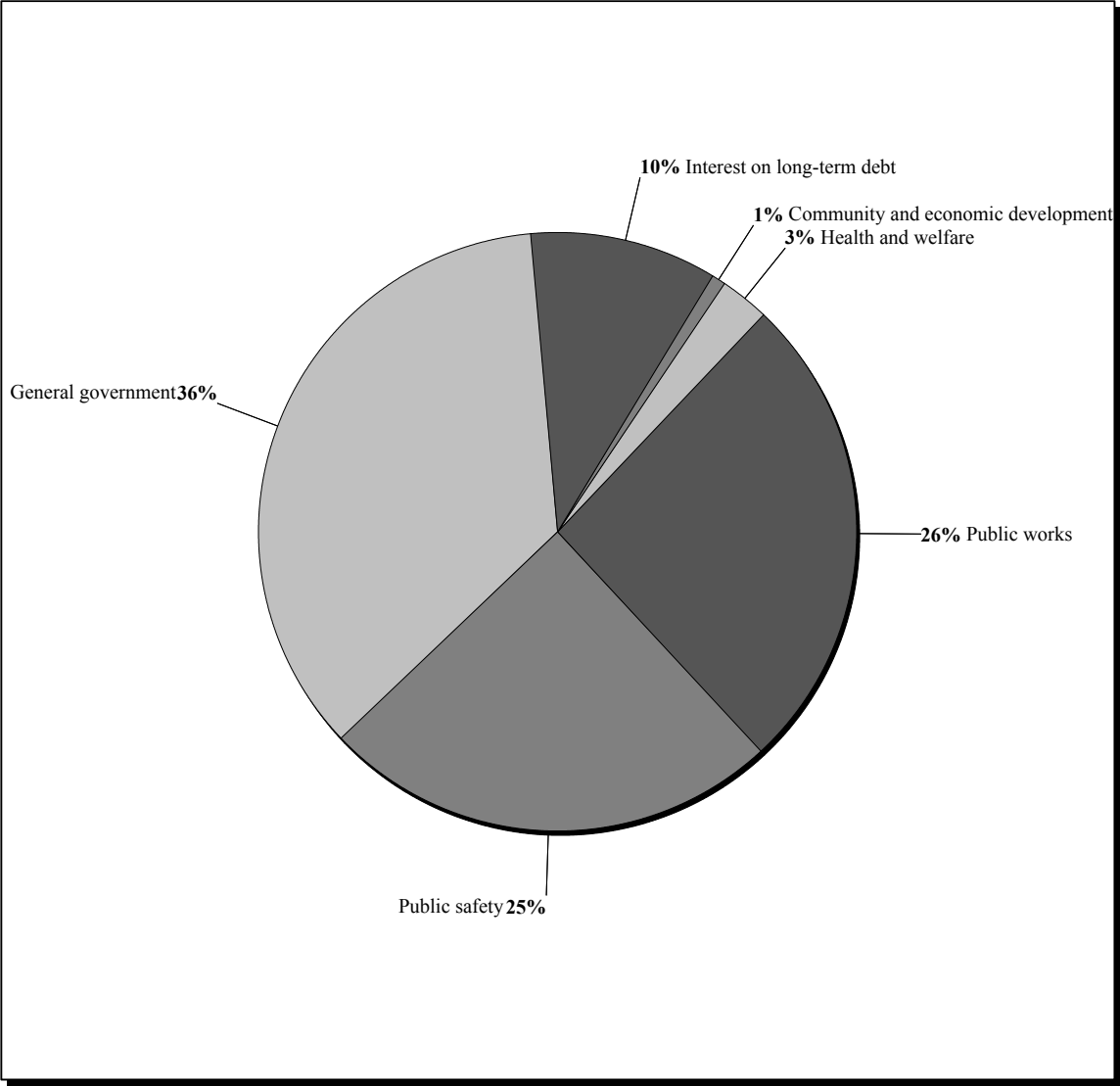




**Boston Township**  
**Ionia County**  
**Management Discussion and Analysis**  
**For the year ended March 31, 2006**

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The following chart illustrates the Township's expenses.



**Boston Township**  
**Ionia County**  
**Management Discussion and Analysis**  
**For the year ended March 31, 2006**

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**Governmental Activities**

The only significant change in governmental activities from the previous year was less street construction than last year.

**The Township's Funds**

Our analysis of the Township's major fund begins on page 13, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds in 2006 were the General Fund and the Improvement Revolving Special Revenue Fund.

**Capital Asset and Debt Administration**

At the end of 2006, the Township had \$88,997, net of accumulated depreciation, invested in land, building and equipment. Long-term debt at the beginning of the year was \$223,511. There were no additions to long-term debt and reductions of \$28,006 resulted in ending long-term debt of \$195,505

**Economic Factors and Next Year's Budgets and Rates**

The Township's General Fund budget for 2007 remains little changed from 2006.

The Township's State Equalized Value is the highest of any taxing jurisdiction in Ionia County, approximately 180 million dollars. Township officials expect continued rapid growth, particularly in new residential construction.

**Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township's Supervisor at the Boston Township Hall, 30 North Center Street, Saranac, Michigan, 48881. The Township's phone number is (616) 642-6636.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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# Boston Township

Ionia County

## Statement of Net Assets

For the year ended March 31, 2006

	Governmental activities
<b><u>GOVERNMENTAL ASSETS</u></b>	
Cash and investments	\$ 379,446
Investments	576,040
Receivables (net)	9,060
Capital assets (net)	88,997
<b>TOTAL ASSETS</b>	<b>\$ 1,053,543</b>
<b><u>GOVERNMENTAL LIABILITIES</u></b>	
Accrued and other liabilities	\$ 5,451
Due within one year	27,011
Due in more than one year	168,494
<b>TOTAL LIABILITIES</b>	<b>200,956</b>
<b><u>GOVERNMENTAL NET ASSETS</u></b>	
Restricted for	
Debt service	38,333
Capital projects	464,908
Invested in capital assets - Net of related debt	88,997
Unrestricted	260,349
<b>TOTAL NET ASSETS</b>	<b>852,587</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,053,543</b>

The Notes to the Financial Statements are an integral part of this statement.

# Boston Township

Ionia County

## Statement of Activities

For the year ended March 31, 2006

Functions/Programs	Expenses	Charges for services	Governmental activities
<b>PRIMARY GOVERNMENT EXPENSES</b>			
General government	\$ 139,520	\$ 23,832	\$ (115,688)
Public safety	96,756	-	(96,756)
Public works	101,528	-	(101,528)
Health and welfare	10,414	-	(10,414)
Community and economic development	2,937	-	(2,937)
Interest on long-term debt	39,314	-	(39,314)
<b>Total Governmental activities</b>	<b>390,469</b>	<b>23,832</b>	<b>(366,637)</b>
<b>General Revenues</b>			
Property taxes			108,042
State-shared revenue			245,502
Unrestricted investment income			34,553
Franchise fees			4,906
Fines and forfeitures			5,861
Special assessments			47,190
Miscellaneous			24,170
<b>Total general revenues - special items and transfers</b>			<b>470,224</b>
<b>Change in net assets</b>			<b>103,587</b>
<b>Net assets at beginning of year</b>			<b>749,000</b>
<b>Net assets at end of year</b>		<b>\$</b>	<b>852,587</b>

The Notes to the Financial Statements are an integral part of this statement.

# Boston Township

Ionia County

Governmental Funds

Balance Sheet

March 31, 2006

	General Fund		Public Improvement Revolving Fund		Nonmajor Funds		Total
<b><u>ASSETS</u></b>							
Cash	\$	281,222	\$	49,563	\$	48,661	\$ 379,446
Investments		171,023		405,017		-	576,040
Taxes receivable		9,060		-		-	9,060
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>461,305</b>	<b>\$</b>	<b>454,580</b>	<b>\$</b>	<b>48,661</b>	<b>\$ 964,546</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>							
<b>LIABILITIES</b>							
Payroll deductions payable	\$	1,277	\$	-	\$	-	\$ 1,277
Deposits payable		4,174		-		-	4,174
<b>TOTAL LIABILITIES</b>		<b>5,451</b>		<b>-</b>		<b>-</b>	<b>5,451</b>
<b>FUND BALANCES</b>							
Reserved for							
Debt Service		-		-		38,333	38,333
Capital projects		-		454,580		10,328	464,908
Undesignated		455,854		-		-	455,854
<b>TOTAL FUND BALANCES</b>		<b>455,854</b>		<b>454,580</b>		<b>48,661</b>	<b>959,095</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>							
	<b>\$</b>	<b>461,305</b>	<b>\$</b>	<b>454,580</b>	<b>\$</b>	<b>48,661</b>	<b>\$ 964,546</b>

The Notes to the Financial Statements are an integral part of this statement.

# **Boston Township**

## **Ionia County**

### **Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets**

For the year ended March 31, 2006

<b>Total fund balances - total governmental funds</b>	<b>\$</b>	<b>959,095</b>
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Capital assets at cost	150,257
Accumulated depreciation	(61,260)
<b>Net capital assets</b>	<b>88,997</b>

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Balances at March 31, 2006 were:

Paradise Park Construction debt	(30,105)
Breezy Point Construction debt	(6,400)
Tiffany Street Construction Debt	(159,000)
<b>Net assets of governmental activities</b>	<b>\$ 852,587</b>

The Notes to the Financial Statements are an integral part of this statement.

# Boston Township

Ionia County

Governmental Funds

## Statement of Revenue, Expenditures, and Changes in Fund Balances

For the year ended March 31, 2006

	General Fund	Public Improvement Revolving Fund	Nonmajor Funds	Total
<b>REVENUE</b>				
Property taxes	\$ 108,042	\$ -	\$ -	\$ 108,042
State grants	250,780	-	-	250,780
Licenses and permits	2,300	-	-	2,300
Fines and forfeits	5,861	-	-	5,861
Charges for services	25,864	-	-	25,864
Interest and rents	19,859	16,128	67	36,054
Other revenue	291	-	-	291
Special assessments	-	-	47,189	47,189
Refunds	-	-	17,674	17,674
<b>TOTAL REVENUE</b>	<b>412,997</b>	<b>16,128</b>	<b>64,930</b>	<b>494,055</b>
<b>EXPENDITURES</b>				
General government	168,458	-	-	168,458
Public safety	96,756	-	-	96,756
Public works	91,528	-	-	91,528
Health and welfare	10,414	-	-	10,414
Community and economic development	2,937	-	-	2,937
Other governmental functions	15,389	-	-	15,389
Debt service	-	-	39,314	39,314
Capital outlay	-	-	10,391	10,391
<b>TOTAL EXPENDITURES</b>	<b>385,482</b>	<b>-</b>	<b>49,705</b>	<b>435,187</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<b>27,515</b>	<b>16,128</b>	<b>15,225</b>	<b>58,868</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	16,000	16,000
Transfers out	-	(16,000)	-	(16,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(16,000)</b>	<b>16,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>				
	<b>27,515</b>	<b>128</b>	<b>31,225</b>	<b>58,868</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>				
	<b>428,339</b>	<b>454,452</b>	<b>17,436</b>	<b>900,227</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 455,854</b>	<b>\$ 454,580</b>	<b>\$ 48,661</b>	<b>\$ 959,095</b>

The Notes to the Financial Statements are an integral part of this statement.



# **Boston Township**

## **Ionia County**

### **Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities**

**For the year ended March 31, 2006**

<hr/>		
Net change in fund balances - total governmental funds	\$	58,868
Amounts reported for governmental activities in the statement of activities are different because:		
Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets		47,504
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Depreciation		(2,785)
Change in net assets of government activities	\$	103,587
<hr/>		

The Notes to the Financial Statements are an integral part of this statement.

# Boston Township

Ionia County

Fiduciary Fund

## Statement of Net Assets

For the year ended March 31, 2006

<u>Agency Fund Type</u>		
<u>ASSETS</u>		
Cash and cash equivalents	\$	62,044
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Undistributed taxes	\$	44
<u>NET ASSETS</u>		
Held in trust for Cemetery maintenance		62,000
<u>LIABILITIES AND NET ASSETS</u>	<u>\$</u>	<u>62,044</u>

The Notes to the Financial Statements are an integral part of this statement.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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# **Boston Township**

## **Ionia County**

### **Notes to Basic Financial Statements**

For the year ended March 31, 2006

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Boston Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Boston Township:

##### **A. Reporting Entity**

Boston Township is governed by an elected seven-member Board. The Township has no component units, entities for which the government is considered to be financially accountable.

##### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

This reporting model provides for separate financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Boston Township has no proprietary funds. The Township has two fiduciary funds, the Tax Agency Fund and the Cemetery Perpetual Care Fund.

##### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**Boston Township**  
**Ionia County**  
**Notes to Basic Financial Statements**  
**For the year ended March 31, 2006**

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Boston Township's property tax is levied on each December 1 on the taxable valuation of property (as defined by State statutes) located in Boston Township as of the preceding December 31st.

It is Boston Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2005 taxable valuation of Boston Township totaled \$136,971,873, on which ad valorem taxes levied consisted of the following:

	<u>Mills levied</u>	<u>Raising</u>
<u>Operating</u>	<u>0.7812</u>	<u>\$ 107,002</u>

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government.

The Public Improvement Revolving Special Revenue Fund accumulates non-tax revenue set aside for statutory public improvements.

Additionally, the government reports the following fund types:

**Debt Service Funds**

The Paradise Park Debt Service Fund accounts for special assessments collected to pay long-term debt related to construction of a private road.

The Breezy Point Debt Service Fund accounts for special assessments collected to pay long-term debt related to construction of a private road.

The Tiffany Street Debt Service Fund accounts for special assessments collected to pay long-term debt related to construction of a road.

**Capital Projects Fund**

The Tiffany Street Paving Capital Projects Fund accounts for bond proceeds to pave a street.

**Trust and Agency Funds**

The Trust and Agency Fund accounts for property tax collected on behalf of the Township and other units.

The Cemetery Trust Fund accounts for money set aside to provide for maintenance of the Township's Cemeteries.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

# **Boston Township**

**Ionian County**

## **Notes to Basic Financial Statements**

**For the year ended March 31, 2006**

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### **D. Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments--**Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables--**In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

**Capital Assets--**Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

<b>Buildings</b>	<b>40 years</b>
------------------	-----------------

**Fund Equity--**In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

# **Boston Township**

**Ionia County**

## **Notes to Basic Financial Statements**

**For the year ended March 31, 2006**

### **NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.**

**The Township normally follows these procedures in establishing the budgetary data reflected in the financial statements:**

**On or before March 1, the Township supervisor submits to the Board, a proposed operating budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them.**

**A public hearing is conducted at the Township hall to obtain taxpayer comments.**

**On or before March 31, the budget is adopted by resolution.**

**Any revisions that alter the total expenditures of any fund must be approved by the Township Board.**

**Budgeted amounts are presented as originally adopted, or as amended by the Township Board before March 31. Individual amendments were not material in relation to the original appropriations which were amended.**

**Budgets as presented for the General Fund, Special Revenue Fund and Debt Service Funds are prepared on the modified accrual basis of accounting on the activity level. Encumbrances are not recorded at year end. Budget appropriations lapse at the end of each fiscal year.**

**Budgetary amounts reported herein are as originally adopted, or as amended by the Township Board throughout the operating year.**

**The Township legally adopts budgets for the General Fund, Special Revenue Fund and Debt Service Funds.**

**Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved as amended by the Township Board.**

**The legal level of control is at the activity level of the General Fund.**

**The Township Clerk is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures must be approved by the Township Board.**

**The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.**

# Boston Township

Ionia County

## Notes to Basic Financial Statements

For the year ended March 31, 2006

### **NOTE 3 - DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes Boston Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in all of State statutory authority as listed above.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

#### **Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At the year end, the Township had \$175,370 of bank deposits (money market, checking and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

#### **Custodial Credit Risk of Investments**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Township does not have a policy for custodial credit risk. At year end, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

Type of investment	Carrying value	How held
AG Edwards	\$638,040	Counterparty



**Boston Township**  
**Ionian County**  
**Notes to Basic Financial Statements**  
**For the year ended March 31, 2006**

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**Interest Rate Risk**

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with not more than a 270-day maturity. In addition, treasury bills, bonds, and securities of the United States or an agency or instrumentality of the United States must have a remaining maturity of two years or less, unless purchased for a debt retirement or other long-term investment account. At year end, the average maturities of investments are as follows:

<b>Investment</b>	<b>Fair value</b>	<b>Weighted Average Maturity (Years)</b>
Federal Home Loan Bank Bonds	\$166,576	13.08
Federal Home Loan Notes	237,385	9.62
Federal National Mortgage Association Notes	134,059	12.59
GMAC Commercial Mortgage Bank Certificates of Deposit	191,547	0.17

**Concentration of Credit Risk**

According to the Township's investment policy, unreasonable risk inherent in over-investing in specific instruments, individual financial institutions or maturities are to be avoided. Of the Township's investments, more than 5 percent are in the following:

<b>Investment</b>	<b>Percent</b>
Federal Home Loan Bank Bonds	26.28
Federal Home Loan Notes	37.45
Federal National Mortgage Association Notes	21.15
GMAC Commercial Mortgage Bank Certificates of Deposit	15.11

**Boston Township**  
**Ionian County**  
**Notes to Basic Financial Statements**  
For the year ended March 31, 2006

**NOTE 4 - RECEIVABLES**

Receivables as of year-end for the Township's individual major and nonmajor funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	
<u>Taxes receivable</u>	<u>\$</u>	<u>9,060</u>

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>April 1, 2005</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>March 31, 2006</u>
Assets not being depreciated	\$ 38,877	\$	\$	38,877
Capital assets being depreciated:				
Buildings	111,380			111,380
Accumulated depreciation:				
Buildings	58,475	2,785		61,260
Net capital assets being depreciated	52,905	(2,785)		50,120
Net capital assets	\$ 91,782	\$ (2,785)	\$	88,997

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:		
General government	\$	2,785

**NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund Transfers

	<u>Transfers Out</u>
<u>Transfers In</u>	<u>Public Improvement Fund</u>
Tiffany Construction Fund	\$ 16,000

# Boston Township

Ionian County

## Notes to Basic Financial Statements

For the year ended March 31, 2006

### **NOTE 7 - LONG-TERM DEBT**

The Township issues long-term special assessment debt to provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction.

Long-term debt activity can be summarized as follows:

	Balance April 1, 2005	Additions	Reductions	Balance March 31, 2006	Due within one year
Paradise Park Special Assessment Debt	\$ 42,379	\$	\$ 12,274	\$ 30,105	\$ 13,207
Breezy Point Special Assessment Debt	11,132		4,732	6,400	2,804
Tiffany Street Special Assessment Debt	170,000		11,000	159,000	11,000
	\$ 223,511	\$	\$ 28,006	\$ 195,505	\$ 27,011

Annual debt service requirements to maturity for the above obligations are as follows:

Year ended March 31,	Principal	Interest	Total
2007	\$ 27,012	\$ 8,250	\$ 35,262
2008	27,287	7,453	34,740
2009	15,206	6,284	21,490
2010	11,000	5,724	16,724
2011	15,000	5,106	20,106
2012	11,000	4,489	15,489
2013	15,000	3,872	18,872
2014	11,000	3,254	14,254
2015	11,000	2,731	13,731
2016	11,000	2,209	13,209
2017	15,000	1,592	16,592
2018	11,000	974	11,974
2019	15,000	356	15,356
Totals	\$ 195,505	\$ 52,294	\$ 247,799

### **NOTE 8 - RISK MANAGEMENT**

Boston Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. Boston Township has purchased commercial insurance for property loss, torts, and errors and omissions claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

### **NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS**

The Township has no post-retirement benefit plans at this time.

# **Boston Township**

**Ionia County**

## **Notes to Basic Financial Statements**

**For the year ended March 31, 2006**

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### **NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS**

#### **Defined Contribution Pension Plan**

Boston Township provides pension benefits to certain employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. Boston Township contributes 15 percent of each Township Board members' gross earnings. Township contributions plus interest allocated to each employee's account are fully vested upon enrollment in the plan.

Total Township's total payroll for the current year was \$70,913. The current year contribution was calculated based on covered payroll of \$70,913, resulting in an employer contribution of \$10,637.

## REQUIRED SUPPLEMENTAL INFORMATION

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# Boston Township

Ionia County

General fund

Balance Sheet

March 31, 2006

	2006	2005
<b>ASSETS</b>		
Cash	\$ 281,222	\$ 133,448
Investments	171,023	277,868
Accounts receivable	-	9,563
Taxes receivable	9,060	8,744
<b>TOTAL ASSETS</b>	<b>\$ 461,305</b>	<b>\$ 429,623</b>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>LIABILITIES</b>		
Payroll deductions payable	\$ 1,277	\$ 1,284
Deposits payable	4,174	-
<b>TOTAL LIABILITIES</b>	<b>5,451</b>	<b>1,284</b>
<b>FUND BALANCES</b>		
Unreserved, undesignated	455,854	428,339
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 461,305</b>	<b>\$ 429,623</b>

# Boston Township

Ionia County

General fund

## Budgetary Comparison Schedule

For the year ended March 31, 2006 with comparative actual amounts for 2005

	Original budget	Final budget	Actual	Variance with final budget	2005
<b>REVENUES</b>					
Property Taxes					
Current real property taxes	\$ 110,400	\$ 110,400	\$ 108,042	\$ (2,358)	\$ 101,490
Property tax administration fee	-	-	-	-	7,092
Total Property Taxes	110,400	110,400	108,042	(2,358)	108,582
State Grants					
State revenue sharing	240,000	240,000	245,502	5,502	239,536
Other state grants	4,740	4,740	5,278	538	4,718
Total State Grants	244,740	244,740	250,780	6,040	244,254
Business licenses and permits	4,000	4,000	2,300	(1,700)	5,000
Fines and forfeitures	6,500	6,500	5,861	(639)	7,179
Charges for Services					
Services rendered	13,080	13,080	15,481	2,401	8,837
Sales	7,000	7,000	5,227	(1,773)	8,400
Fees	5,850	5,850	5,156	(694)	5,417
Total Charges for Services	25,930	25,930	25,864	(66)	22,654
Interest and Rentals					
Interest and dividends	15,200	15,200	18,559	3,359	11,873
Rent	2,000	2,000	1,300	(700)	1,500
Total Interest and Rentals	17,200	17,200	19,859	2,659	13,373
Other Revenue					
Refunds	-	-	-	-	12,817
Other	5,300	5,300	291	(5,009)	20
Total Other Revenue	5,300	5,300	291	(5,009)	12,837
<b>TOTAL REVENUES</b>	<b>414,070</b>	<b>414,070</b>	<b>412,997</b>	<b>(1,073)</b>	<b>413,879</b>

# Boston Township

Ionia County

General fund

## Budgetary Comparison Schedule

For the year ended March 31, 2006 with comparative actual amounts for 2005

	Original budget	Final budget	Actual	Variance with final budget	2005
<b><u>EXPENDITURES</u></b>					
General government					
Township board	\$ 10,200	\$ 10,200	\$ 9,785	\$ 415	\$ 7,125
Supervisor	18,200	18,200	17,518	682	18,667
Clerk	15,800	16,400	16,395	5	14,545
Audit	3,800	3,800	3,800	-	3,600
Board of review	630	630	120	510	480
Treasurer	25,100	25,600	24,841	759	24,068
Assessor	31,500	31,550	29,548	2,002	31,820
Elections	4,420	4,420	770	3,650	5,873
Building and grounds	22,800	22,800	13,068	9,732	24,817
Attorney	23,000	27,000	18,670	8,330	19,694
Cemetery	39,000	39,000	33,943	5,057	34,260
Total General government	194,450	199,600	168,458	31,142	184,949
Public safety					
Police	55,513	55,513	55,513	-	56,215
Fire department	46,500	46,500	41,243	5,257	29,302
Total Public safety	102,013	102,013	96,756	5,257	85,517



# Boston Township

Ionia County

General fund

## Budgetary Comparison Schedule

For the year ended March 31, 2006 with comparative actual amounts for 2005

	Original budget	Final budget	Actual	Variance with final budget	2005
<b>Public works</b>					
Drains	\$ 500	\$ 500	\$ 113	\$ 387	\$ 839
Street lighting	240	240	220	20	217
Highways, streets and bridges	104,000	104,000	91,195	12,805	84,082
<b>Total Public works</b>	<b>104,740</b>	<b>104,740</b>	<b>91,528</b>	<b>13,212</b>	<b>85,138</b>
<b>Health and welfare</b>					
Ambulance	10,500	10,500	10,414	86	10,414
<b>Community and economic development</b>					
Economic development	2,937	2,937	2,937	-	2,937
<b>Other governmental functions</b>					
Insurance	3,523	3,523	3,616	(93)	3,277
Retirement	12,000	12,000	10,637	1,363	9,407
Social security	1,200	1,200	1,136	64	1,062
Other	1,000	1,000	-	1,000	-
<b>Total Other governmental functions</b>	<b>17,723</b>	<b>17,723</b>	<b>15,389</b>	<b>2,334</b>	<b>13,746</b>
<b>TOTAL EXPENDITURES</b>	<b>432,363</b>	<b>437,513</b>	<b>385,482</b>	<b>52,031</b>	<b>382,701</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	18,293	18,293	-	(18,293)	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>(5,150)</b>	<b>27,515</b>	<b>50,958</b>	<b>31,178</b>
<b>Fund balance at beginning of year</b>	<b>428,339</b>	<b>428,339</b>	<b>428,339</b>	<b>-</b>	<b>397,161</b>
<b>Fund balance at end of year</b>	<b>\$ 428,339</b>	<b>\$ 423,189</b>	<b>\$ 455,854</b>	<b>\$ 50,958</b>	<b>\$ 428,339</b>

# Boston Township

Ionia County

Public Improvement Revolving Special Revenue Fund

Balance Sheet

March 31, 2006

	2006	2005
<b>ASSETS</b>		
Cash	\$ 49,563	\$ 25,649
Investments	405,017	412,803
Due from other funds	-	16,000
<b>TOTAL ASSETS</b>	<b>\$ 454,580</b>	<b>\$ 454,452</b>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>FUND BALANCES</b>		
Reserved for capital projects	\$ 454,580	454,452

# Boston Township

Ionia County

Public Improvement Revolving Special Revenue Fund

Budgetary Comparison Schedule

For the year ended March 31, 2006 with comparative actual amounts for 2005

	Original budget	Original and final budget	Actual	Variance with final budget	2005
<b><u>REVENUE</u></b>					
Interest and dividends	\$ 8,600	\$ 8,600	\$ 16,128	\$ 7,528	\$ 8,634
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers out	(17,000)	(17,000)	(16,000)	1,000	-
NET CHANGE IN FUND BALANCES	(8,400)	(8,400)	128	(8,472)	8,634
Fund balance beginning of year	454,452	454,452	454,452	-	445,818
Fund balance end of year	\$ 446,052	\$ 446,052	\$ 454,580	\$ (8,472)	\$ 454,452

## **NONMAJOR GOVERNMENTAL FUND STATEMENTS**

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**Boston Township**  
**Ionia County**  
**Nonmajor Funds**  
**Combining Balance Sheet**  
**March 31, 2006**

	<u>Debt Service Funds</u>			<u>Capital Projects Fund</u>	
	<u>Paradise Park</u>	<u>Breezy Point</u>	<u>Tiffany Paving</u>	<u>Tiffany Construction</u>	<u>Total</u>
<b><u>ASSETS</u></b>					
Cash	\$ 15,495	\$ 5,543	\$ 17,295	\$ 10,328	\$ 48,661
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>FUND BALANCES</b>					
Reserved for					
Debt Service	\$ 15,495	\$ 5,543	\$ 17,295	-	\$ 38,333
Capital projects	-	-	-	10,328	10,328
<b>TOTAL FUND BALANCES</b>	<b>15,495</b>	<b>5,543</b>	<b>17,295</b>	<b>10,328</b>	<b>48,661</b>

# Boston Township

Ionian County

Nonmajor Funds

## Combining Statement of Revenue, Expenditures and Changes in Fund Balances

March 31, 2006

	Debt Service Funds			Capital Projects Fund	
	Paradise Park	Breezy Point	Tiffany Paving	Tiffany Construction	Total
<b>REVENUE</b>					
Special assessments	\$ 16,121	\$ 5,221	\$ 25,847	\$ -	\$ 47,189
Interest and dividends	26	9	10	22	67
Refunds	-	-	-	17,674	17,674
<b>TOTAL REVENUE</b>	<b>16,147</b>	<b>5,230</b>	<b>25,857</b>	<b>17,696</b>	<b>64,930</b>
<b>EXPENDITURES</b>					
Debt Service					
Principal	12,274	4,732	11,000	-	28,006
Interest	2,726	768	7,814	-	11,308
Capital outlay	-	-	-	10,391	10,391
<b>TOTAL EXPENDITURES</b>	<b>15,000</b>	<b>5,500</b>	<b>18,814</b>	<b>10,391</b>	<b>49,705</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,147</b>	<b>(270)</b>	<b>7,043</b>	<b>7,305</b>	<b>15,225</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	-	-	-	16,000	16,000
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,147</b>	<b>(270)</b>	<b>7,043</b>	<b>23,305</b>	<b>31,225</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>14,348</b>	<b>5,813</b>	<b>10,252</b>	<b>(12,977)</b>	<b>17,436</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 15,495</b>	<b>\$ 5,543</b>	<b>\$ 17,295</b>	<b>\$ 10,328</b>	<b>\$ 48,661</b>

**Boston Township**  
**Ionia County**  
**Paradise Park Debt Service Fund**  
**Balance Sheet**  
**March 31, 2006**

	2006		2005	
<b>ASSETS</b>				
Cash	\$	15,495	\$	14,348
<b>LIABILITIES AND FUND EQUITY</b>				
<b>FUND BALANCES</b>				
Reserved for debt service	\$	15,495	\$	14,348

# Boston Township

Ionia County

Paradise Park Debt Service Fund

## Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended March 31, 2006 with comparative actual amounts for 2005

	Original budget	Original and final budget	Actual	Variance with final budget	2005
<b>REVENUE</b>					
Special assessments	\$ 13,500	\$ 13,500	\$ 16,121	\$ 2,621	\$ 13,284
Interest and dividends	30	30	26	(4)	28
<b>TOTAL REVENUE</b>	<b>13,530</b>	<b>13,530</b>	<b>16,147</b>	<b>2,617</b>	<b>13,312</b>
<b>EXPENDITURES</b>					
Debt service					
Principal	11,000	11,000	12,274	(1,274)	18,102
Interest	4,000	4,000	2,726	1,274	3,598
<b>TOTAL EXPENDITURES</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>-</b>	<b>21,700</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,470)</b>	<b>(1,470)</b>	<b>1,147</b>	<b>2,617</b>	<b>(8,388)</b>
<b>Fund balance beginning of year</b>	<b>14,348</b>	<b>14,348</b>	<b>14,348</b>	<b>-</b>	<b>22,736</b>
<b>Fund balance end of year</b>	<b>\$ 12,878</b>	<b>\$ 12,878</b>	<b>\$ 15,495</b>	<b>\$ 2,617</b>	<b>\$ 14,348</b>



**Boston Township**  
**Ionia County**  
**Breezy Point Debt Service Fund**  
**Balance Sheet**  
**March 31, 2006**

	2006		2005	
<b>ASSETS</b>				
Cash	\$	5,543	\$	5,813
<b>LIABILITIES AND FUND EQUITY</b>				
<b>FUND BALANCES</b>				
Reserved for debt service	\$	5,543	\$	5,813

# Boston Township

Ionia County

Breezy Point Debt Service Fund

## Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended March 31, 2006 with comparative actual amounts for 2005

	Original budget	Original and final budget	Actual	Variance with final budget	2005
<b>REVENUE</b>					
Special assessments	\$ 4,250	\$ 4,250	\$ 5,221	\$ 971	\$ 4,444
Interest and dividends	10	10	9	(1)	9
<b>TOTAL REVENUE</b>	<b>4,260</b>	<b>4,260</b>	<b>5,230</b>	<b>970</b>	<b>4,453</b>
<b>EXPENDITURES</b>					
Debt service					
Principal	4,500	4,500	4,732	(232)	5,465
Interest	1,000	1,000	768	232	1,035
<b>TOTAL EXPENDITURES</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>-</b>	<b>6,500</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,240)</b>	<b>(1,240)</b>	<b>(270)</b>	<b>970</b>	<b>(2,047)</b>
<b>Fund balance beginning of year</b>	<b>5,813</b>	<b>5,813</b>	<b>5,813</b>	<b>-</b>	<b>7,860</b>
<b>Fund balance end of year</b>	<b>\$ 4,573</b>	<b>\$ 4,573</b>	<b>\$ 5,543</b>	<b>\$ 970</b>	<b>\$ 5,813</b>

# Boston Township

Ionia County

Tiffany Paving Debt Service Fund

Balance Sheet

March 31, 2006

	2006	2005
<b>ASSETS</b>		
Cash	\$ 17,295	\$ 10,252
<b>LIABILITIES AND FUND EQUITY</b>		
<b>FUND BALANCES</b>		
Reserved for capital projects	\$ 17,295	10,252

# Boston Township

Ionia County

Tiffany Paving Debt Service Fund

## Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended March 31, 2006 with comparative actual amounts for 2005

	Original budget	Original and final budget	Actual	Variance with final budget	2005
<b>REVENUE</b>					
Special assessments	\$ 10,800	\$ 10,800	\$ 25,847	\$ 15,047	\$ 13,800
Interest and dividends	10	10	10	-	19
<b>TOTAL REVENUE</b>	<b>10,810</b>	<b>10,810</b>	<b>25,857</b>	<b>15,047</b>	<b>13,819</b>
<b>EXPENDITURES</b>					
Principal	11,000	11,000	11,000	-	-
Interest	7,800	7,800	7,814	(14)	3,567
<b>TOTAL EXPENDITURES</b>	<b>18,800</b>	<b>18,800</b>	<b>18,814</b>	<b>(14)</b>	<b>3,567</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(7,990)</b>	<b>(7,990)</b>	<b>7,043</b>	<b>15,061</b>	<b>10,252</b>
<b>Fund balance beginning of year</b>	<b>10,252</b>	<b>10,252</b>	<b>10,252</b>	<b>-</b>	<b>-</b>
<b>Fund balance end of year</b>	<b>\$ 2,262</b>	<b>\$ 2,262</b>	<b>\$ 17,295</b>	<b>\$ 15,061</b>	<b>\$ 10,252</b>

# Boston Township

Ionia County

Tiffany Paving Capital Projects Fund

Balance Sheet

March 31, 2006

	2006	2005
<b>ASSETS</b>		
Cash	\$ 10,328	\$ 3,023
<b>LIABILITIES AND FUND EQUITY</b>		
<b>LIABILITIES</b>		
Due to other funds	\$ -	\$ 16,000
<b>FUND BALANCES</b>		
Reserved for capital projects	10,328	(12,977)
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 10,328</b>	<b>\$ 3,023</b>

# Boston Township

Ionia County

Tiffany Paving Capital Projects Fund

## Statement of Revenue, Expenditures and Changes in Fund Balances

For the year ended March 31, 2006 with comparative actual amounts for 2005

	2006	2005
<b>REVENUE</b>		
Interest and dividends	\$ 22	\$ 150
Special assessments	-	7,200
Refunds	17,674	-
<b>TOTAL REVENUE</b>	<b>17,696</b>	<b>7,350</b>
<b>EXPENDITURES</b>		
Capital outlay	10,391	190,327
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>7,305</b>	<b>(182,977)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Bond or note issuance	-	170,000
Transfers in	16,000	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>23,305</b>	<b>(12,977)</b>
<b>Fund balance beginning of year</b>	<b>(12,977)</b>	<b>-</b>
<b>Fund balance end of year</b>	<b>\$ 10,328</b>	<b>\$ (12,977)</b>

## Long-term Debt Schedules

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# **Boston Township**

**Ionia County**

**Schedule of Bonded Debt**

**Paradise Park Special Assessment Debt**

**March 31, 2006**

<b>Year ended</b>	<b>Interest Rate</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>2006</b>	<b>5.200%</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>2007</b>	<b>5.200%</b>	<b>13,208</b>	<b>786</b>	<b>13,994</b>
<b>2008</b>	<b>5.200%</b>	<b>13,429</b>	<b>564</b>	<b>13,993</b>
<b>2009</b>	<b>5.200%</b>	<b>3,468</b>	<b>30</b>	<b>3,498</b>
<b>Totals</b>		<b>\$ 30,105</b>	<b>\$ 1,380</b>	<b>\$ 31,485</b>



# **Boston Township**

**Ionia County**

**Schedule of Bonded Debt**

**Breezy Point Special Assessment Debt**

**March 31, 2006**

<b>Year ended</b>	<b>Interest Rate</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2007	5.200%	\$ 2,804	\$ 173	\$ 2,977
2008	5.200%	2,858	120	2,978
2009	5.200%	738	7	745
<b>Totals</b>		<b>\$ 6,400</b>	<b>\$ 300</b>	<b>\$ 6,700</b>

**Boston Township**  
**Ionia County**  
**Schedule of Bonded Debt**  
**Tiffany Street Special Assessment Debt**  
**March 31, 2006**

Year ended	Interest		Principal, June 1	Interest, June 1	Interest,		Total
	Rate				December 1		
2007	4.750%	\$	11,000	\$	3,776	\$	18,291
2008	4.750%		11,000		3,515		17,769
2009	4.750%		11,000		3,254		17,247
2010	4.750%		11,000		2,993		16,724
2011	4.750%		15,000		2,731		20,106
2012	4.750%		11,000		2,375		15,489
2013	4.750%		15,000		2,114		18,872
2014	4.750%		11,000		1,758		14,254
2015	4.750%		11,000		1,496		13,731
2016	4.750%		11,000		1,235		13,209
2017	4.750%		15,000		974		16,592
2018	4.750%		11,000		618		11,974
2019	4.750%		15,000		356		15,356
Totals		\$	159,000	\$	27,195	\$	209,614

## AUDITORS' REPORTS

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## COMMUNICATION WITH AUDIT COMMITTEE OR ITS EQUIVALENT

To the Township Board  
Boston Township  
Ionia County

We have audited the general purpose financial statements of Boston Township, Ionia County for the year ended March 31, 2006, and have issued our report thereon dated September 6, 2006. Professional standards require that we provide you with the following information related to our audit.

### Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated June 14, 2006, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Boston Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Boston Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

### Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Boston Township are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2006. We noted no transactions entered into by Boston Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Township Board and management of Boston Township and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg CPA  
Byron Center, Michigan  
September 6, 2006

## MANAGEMENT COMMENTS LETTER

To the Township Board  
Boston Township  
Ionia County

In planning and performing our audit of the financial statements of Boston Township for the year ended March 31, 2006 we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect Boston Township's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following reportable conditions that we believe to be material weaknesses.

### PRIOR MATERIAL WEAKNESSES

The Clerk has removed mail intended for the Treasurer from the Township's Post Office box. This compromises the separation of duties that needs to exist between the Clerk and the Treasurer.

Resolution - The Clerk resigned on March 8, 2006.

The Clerk provided us with a written description of the The Township's internal controls. This description is very general and is not specific enough to be effective in ensuring the financial statements are complete and accurate. An example is: "Large contracted jobs requiring services are put up for bids." This does not define "Large", and the meaning of "Contracted jobs requiring services" is unclear. Another example: "Incoming checks come to the Clerk, who then passes the money on to the Treasurer for deposit." This clearly compromises the separation of duties between the Clerk and the Treasurer. It is a State of Michigan requirement that the Treasurer maintain custody of the asset, i.e. the incoming checks, the bank statements, etc. and the Clerk maintains the accounting records for these transactions. Another example is: "The tax account is handled by the Treasurer. All other accounts are maintained by the Clerk." This is inaccurate. All accounts are maintained by the Treasurer. The Michigan Department of Treasury has a *Uniform Accounting Procedures Manual*. This manual details the records and procedures that the Township is required, by State law, to follow. I recommend that Township personnel obtain a copy of the *Uniform Accounting Procedures Manual* and implement it.

Resolution - The Clerk has been replaced.

The "Audit Trail" function in QuickBooks is not turned on. The "Audit Trail" provides reports that show changes made to transactions recorded in QuickBooks.

Resolution - The "Audit Trail" function has been activated.

**Boston Township  
Ionia County  
March 31, 2006  
Management Comments Letter  
Page 2**

**PRIOR REPORTABLE CONDITIONS**

A loan was made between the Public Improvement Special Revenue Fund, and the Tiffany Capital Projects Fund. These interfund transactions were not reconciled and did not balance. Further, the information related to these transfers that was recorded in the minutes was not sufficient for us to gain a clear understanding of the Boards intent.

Resolution - The Board acted to clarify this.

According to Township practice, officials are allowed to spend up to \$200 in any transaction without prior Board approval. The Clerk spent \$245 without prior approval to change the locks in the Township hall.

Resolution - The Board was informed and discussed this issue with the Clerk.

The Township maintains an account in the General Fund titled "Escrow due to other funds". This account is used to account for amounts received from individuals to be used for various projects. At March 31, 2005 this account had a debit balance of \$9,563. A debit balance in this account indicates that some person or persons owes the Township \$9,563. The Clerk maintains sheets for each of the projects that are accounted for in this account. We requested the Clerk provide us with a list of the projects' balances that make up this balance. She provided us with copies of the individual sheets. We tried to reconcile the balances on these sheets as of March 31, 2005, but could not.

Resolution - The Board engaged a consultant to assist the Clerk to correct the escrow account.

**CURRENT MATERIAL WEAKNESSES**

Disbursements related to various escrow transactions have been classified to expenditure accounts. We adjusted these to the escrow liability accounts. We recommend that these disbursements be recorded in the appropriate escrow accounts in the future.

Most checking, savings and investment accounts have not been reconciled for the months of April, May, June, and July of 2006. The State requires all bank accounts be reconciled before the end of the subsequent month.

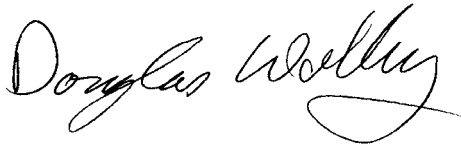
The Federal Form 941, Employer's Quarterly Federal Tax Return for the second quarter of 2006 has not been filed. This was due on July 31, 2006. The Internal Revenue Service will levy a penalty for filing the return late.

**Boston Township  
Ionia County  
March 31, 2006  
Management Comments Letter  
Page 3**

Federal payroll tax deposits have not been made for April, May, June, July and August of 2006. The Internal Revenue Service will levy penalties and interest for late payment of these deposits.

State payroll tax deposits have not been made for April, May, June, July and August of 2006. The Michigan Department of Treasury will levy penalties and interest for late payment of these deposits.

This report is intended solely for the information and use of the Township Board and the Michigan Department of Treasury and is not to be used by anyone other than these specific parties.

A handwritten signature in cursive script, reading "Douglas Wohlberg". The signature is written in black ink and is positioned above the typed name and date.

**Douglas Wohlberg CPA  
Byron Center, Michigan  
September 6, 2006**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Township Board  
Boston Township  
Ionia County

We have audited the general purpose financial statements of Boston Township, Ionia County as of and for the year ended March 31, 2006, and have issued our report thereon dated September 6, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

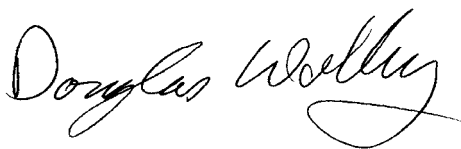
**Compliance**

As part of obtaining reasonable assurance about whether Boston Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Boston Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted certain matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. These are discussed in the Management Comments Letter.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg CPA  
Byron Center, Michigan  
September 6, 2006